

WOLVERINE JOINT FIRE BOARD

**ELLIS/MENTOR/NUNDA & WILMOT TOWNSHIPS
CHEBOYGAN COUNTY, MICHIGAN**

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: Wolverine Joint Fire Board	County: Cheboygan
Audit Date March 31, 2005	Opinion Date May 2, 2005	Date Accountant Report Submitted To State: May 19, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

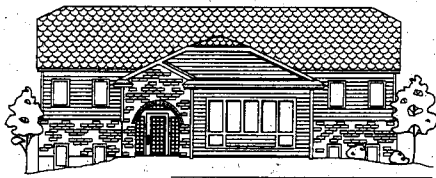
Certified Public Accountant (Firm Name): Keskine, Cook, Miller & Alexander, LLP			
Street Address 100 West First Street	City Gaylord	State MI	ZIP 49735
Accountant Signature 			

WOLVERINE JOINT FIRE BOARD

CHAIRMAN	Tom Gary
VICE CHAIRMAN	Patricia Ogden
SECRETARY	Patty Mattson
TREASURER	Kathy Mattson
MEMBER	Edward Wenta
MEMBER	Patricia Hutchison
MEMBER	Gloria Pierson
MEMBER	Carl Edgmon
MEMBER	Lorraine Grubaugh

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Keskine, Cook, Miller & Alexander LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Walter J. Keskine, C.P.A.
Jeffrey B. Cook, C.P.A.
Richard W. Miller, C.P.A.
Ronald D. Alexander, C.P.A.
Curt A. Reppuhn, C.P.A.

INDEPENDENT AUDITOR'S REPORT

May 2, 2005

Members of the Board
Wolverine Joint Fire Board

We have audited the accompanying financial statements of the governmental activities and the major fund information of the Wolverine Joint Fire Board, Cheboygan County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Fire Board's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Fire Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund information of the Wolverine Fire Board, Cheboygan County, Michigan as of March 31, 2005, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3-5 and budgetary comparison information on page 20 respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted

principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

K.K. Cook Miller & Alexander LLP

Keskine, Cook, Miller & Alexander, LLP
Certified Public Accountants

WFD

Wolverine Joint Fire Board

P O Box 362 ~ Wolverine MI 49799

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Wolverine Joint FireBoard annual financial report presents our discussion and analysis of the FireBoard's financial performance during the fiscal year ended March 31, 2005. Please read it in conjunction with the financial statements that immediately follow this section.

Financial Highlights

Our financial status improved this year with total assets increasing by \$9,396 to \$270,604 of which \$225,150 consists of capital assets, total liabilities decreasing by \$20,359 to \$75,501, of which \$57,417 is classified as non-current, and total net assets increasing by \$10,963 to \$195,103.

All new equipment from previous years has been put in service and all the firemen have new turnout gear.

Overall revenues were \$67,093 and overall expenses were \$56,130 in the statement of activities.

Overview of the Financial Statements

This annual report consists of three parts; management discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the entity.

The first two statements are entity wide financial statements and provide both long and short-term information about our overall financial status. These statements present government activities.

The remaining statements are fund financial statements, which focus on detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

Entity Wide Statements

The entity wide statements report information about the FireBoard as a whole, using

accounting methods used by private companies. The statement of net assets includes all the FireBoard's assets and liabilities. The state of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity wide statements report net assets and how they have changed. Net assets are the difference between the FireBoard's assets and liabilities and this is one method to measure the FireBoard's financial health or position.

Over time increases or decreases in the FireBoard's net assets are an indicator of whether financial position is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide more detailed information about the FireBoard's funds. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The entity has the following kind of funds:

Governmental Fund - All of the FireBoard's activities are included in one fire fund, classified in the governmental fund category. This fund is presented on the modified accrual basis, which is designed to show short-term financial information. You will note that differences between the entity wide statements and the fund statements are disclosed in the reconciling financial statements to explain the differences between them.

Financial Analysis of the Entity as a Whole

Net Assets - the FireBoard's net assets increased during the year ended March 31, 2005 totaling \$195,103, \$150,461 invested in capital assets; leaving \$44,642 in unrestricted/unreserved net assets. The unrestricted/unreserved net assets will be used for debt service payments on the new fire truck and other operating expenses.

Financial Analysis of the FireBoard's Funds

Amendments to our budget for the year ended March 31, 2005 were to cover the extra costs on the air trailer, increase insurance for the new truck, and the balance of the turnout gear.

Capital Asset

Our capital assets are the equipment that we received from the Village of Wolverine when the FireBoard was formed, various fire operating equipment, and a new fire truck purchased in the year ended March 31, 2004.

Known Factors affecting Future Operations

We are looking into applying for a couple of other grants that are available locally. 2005 FEMA Grant cycle opened on March 7, 2005, we applied for a new tanker. We

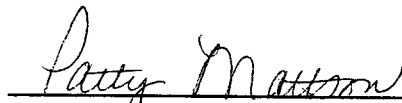
were unsuccessful last year in receiving the grant.

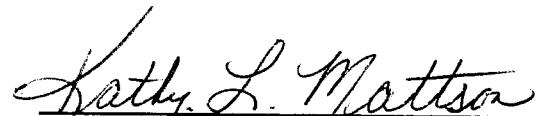
Contacting FireBoard Management

This financial report is designed to provide our taxpayers and creditors with a general overview of the FireBoard's finances and to demonstrate the FireBoard's accountability for the revenues it receives. If you have questions concerning this report, please contact any member of the FireBoard.


Thomas Gary, Chair



Patricia Ogden, Vice Chair


Patty Mattson, Secretary



Kathy Mattson, Treasurer


Edward Wenta, Member


Patricia Hutchison, Member


Gloria Pierson, Member


Carl Edgmon, Member


Lorraine Grubaugh, Member

**WOLVERINE JOINT FIRE BOARD
STATEMENT OF NET ASSETS
MARCH 31, 2005**

ASSETS

Current Assets:

Cash	\$ 23,222
Investments	21,481
Prepaid Expense	751
Total Current Assets	<u>45,454</u>

Capital Assets:

Vehicles	215,783
Fire Equipment	74,280
Accumulated Depreciation	(64,913)
Total Capital Assets	<u>225,150</u>
Total Assets	<u>270,604</u>

LIABILITIES

Current Liabilities:

Accrued Interest Payable	812
Current Portion of Capital Lease	17,272
Total Current Liabilities	<u>18,084</u>

Long-Term Debt:

Capital Lease	57,417
Total Liabilities	<u>75,501</u>

NET ASSETS

Investment in Capital Assets, net of Related Debt	150,461
Unrestricted	44,642
Total Net Assets	<u>\$ 195,103</u>

See accompanying notes to financial statements.

WOLVERINE JOINT FIRE BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRI- BUTIONS	
			CAPITAL GRANTS & CONTRI- BUTIONS	TOTAL
GOVERNMENTAL ACTIVITIES				
Fire Protection	\$ 56,130	\$ -	\$ 2,491	\$(53,639)
GENERAL REVENUES				
Township Property Tax Contributions:				
Ellis Township				10,706
Mentor Township				7,770
Nunda Township				29,362
Willmot Township				15,585
Interest on Investments				756
Miscellaneous				423
Total General Revenues				64,602
CHANGE IN NET ASSETS				10,963
NET ASSETS - BEGINNING OF YEAR				184,140
NET ASSETS - END OF YEAR				\$ 195,103

See accompanying notes to financial statements.

**WOLVERINE JOINT FIRE BOARD
BALANCE SHEET
GOVERNMENTAL FUND
MARCH 31, 2005**

	FIRE OPERATIONS FUND
ASSETS	
Cash	\$ 23,222
Investments	21,481
Prepaid Expense	751
Total Assets	45,454
FUND EQUITY	
Fund Balance - Undesignated, Unreserved	44,703
Fund Balance - Reserved	751
Total Fund Equity	\$ 45,454

See accompanying notes to financial statements

**WOLVERINE JOINT FIRE BOARD
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2005**

TOTAL FUND BALANCE - GOVERNMENTAL ACTIVITIES (PER BALANCE SHEET)	\$ 45,454
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Amounts reported for governmental activities in the Statement of Net Assets (page 6) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not used in the funds	290,063
Depreciation on capital assets does not represent a current outflow of resources and therefore is not recorded in the funds	(64,913)
Long-term debt and related interest expense accruals are not uses of current resources and therefore not included in the fund financial statements	(75,501)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER STATEMENT OF NET ASSETS)	\$ 195,103
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See accompanying notes to financial statements.

**WOLVERINE JOINT FIRE BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED MARCH 31, 2005**

	FIRE OPERATIONS FUND
REVENUES	
Township Contributions:	
Ellis Township	\$ 10,706
Mentor Township	7,770
Nunda Township	29,362
Wilmot Township	15,585
Donations	2,491
Interest	757
Reimbursements	673
Total Revenues	<u>67,344</u>
EXPENDITURES	
Wages	500
Office Supplies	422
Fire Operating Supplies	1,880
MFR Expnese	537
Building and Grounds Maintenance	228
Radio Pager Repair	102
Other Repairs	2,798
Snow Removal	250
Vehicle Repairs	986
Professional Fees	1,100
Education and Training	997
Insurance	10,082
Utilities	3,347
Telephone	683
Small equipment	2,990
Turnout gear	3,287
Dues and Subscriptions	75
Miscellaneous	1,024
Vehicle Fuel	743
Debt Service	21,171
Total Expenditures	<u>53,202</u>
Excess (Deficiency) of Revenues over Expenditures	14,142
OTHER FINANCING SOURCES	
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>14,142</u>
Fund Balance - Beginning of Year	<u>31,312</u>
Fund Balance - End of Year	<u><u>\$ 45,454</u></u>

See accompanying notes to financial statements

**WOLVERINE JOINT FIRE BOARD
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005**

CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ 14,142
Amounts reported for governmental activities in the statement of activities (page 7) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(23,287)
Governmental fund report payments on long-term debt as an expense. However, in the statement of activities, payments on long-term debt reduce the liability	21,170
Governmental funds report revenue from the disposal of a capital asset equal to the cash received. However, in the statement of net assets, the gain is calculated by subtracting the remaining basis of the asset determined by accumulated depreciation	(250)
Interest expense incurred on the capital lease payments are recorded when incurred in the statement of activities	(812)
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	\$ 10,963

See accompanying notes to financial statements.

**WOLVERINE JOINT FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005**

NOTE A: ENTITY

The Wolverine Joint Fire Board is a joint venture created November 9, 1999 by Ellis, Mentor, Nunda & Wilmot Townships, Cheboygan County, Michigan. On April 1, 2000 the Village of Wolverine donated various fire department assets to the Board. The Wolverine Joint Fire Board is organized under PA 7 of 1967 and PA 365 of 1982 of the Michigan Compiled Laws. The board was organized to better serve the citizens of the townships and the Village of Wolverine. An individual township may withdraw from the agreement with a 12-month prior notice. The agreement expires April 1, 2010 and may be renewed, revised or cancelled by a separate majority vote of the townships participating at that time.

The Department is under the control of a Board consisting of two members from each Township and a member residing in the Village of Wolverine. Each township appoints two Board members and an at large member is selected from the Village of Wolverine. The Board's duties are to oversee operations, maintain assets, and communicate with the Fire Chief and their respective municipal boards.

Funding for the Fire Board's operations is largely provided by an assessment to each township approximately equal to a 1 mill levy on the taxable value of the geographical area covered. The Joint Fire Board's boundaries include all of Wilmot and Nunda Townships and parts of Mentor & Ellis Townships.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting framework and the more significant accounting principles and practices of the Wolverine Fire Board are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide including required disclosures, of the Fire Board's financial activities.

The accounting policies of the Wolverine Fire Board conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Fire Board as a whole.

**WOLVERINE JOINT FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. The Fire Board has one fund and one functional activity – fire protection. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Fire Board's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for the Fire Board's governmental fund.

The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

FUND TYPE AND MAJOR FUND

Governmental Fund

The Fire Board reports the following major governmental fund:

Fire Fund - This fund is used to account for all financial transactions of the Wolverine Joint Fire Board. The Fire Board's primary source of revenue is from Township assessments "earmarked" for fire protection. These assessments are received from all Townships in April of each year. Interest is earned on cash investments. Other revenues are from miscellaneous activities/sources.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Fire Board are prepared in accordance with generally accepted accounting principles (GAAP). The Fire Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30,

**WOLVERINE JOINT FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1989, unless they conflict with GASB pronouncements. The Fire Board's entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Fire Board considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes and investment income. In general, other revenues are recognized when cash is received.

BUDGET

An annual budget is required of the Wolverine Joint Fire Board. The budget is open to the public for their consideration before final adoption. The Townships also individually review and approve the budget. Upon completion of the public hearing, The budget was adopted on a fund level using the modified accrual basis of accounting. The budget was amended as necessary throughout the year. Both the original and amended budgets are presented in these financial statements, as a part of required supplementary information. Budgets as adopted end on March 31st of each year. There are no carryover budget items.

**WOLVERINE JOINT FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RESTRICTED RESOURCES

When an expense is incurred for purposes for which both restricted and unrestricted net assets available, the Fire Board first uses restricted net assets to fund the expense and once depleted, uses unrestricted net assets to fund the remaining expense.

CAPITAL ASSETS AND DEPRECIATION

The Fire Board's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Fire Board has no infrastructure assets. Donated assets are stated at fair value on the date donated. The Fire Board generally capitalizes assets with a cost of \$1,000 or more as purchases occur, if:

1. the estimated life of the assets is extended by more than 25% or
2. the cost results in an increase in the capacity of the asset, or
3. the efficiency of the asset is increased by more than 10%, or
4. significantly changes the character of the asset, or
5. otherwise, the cost should be expensed as repair and maintenance.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	25 – 40
Land Improvements	10 – 20
Furniture, machinery, and equipment	5 – 10
Vehicles	5 – 10

Land and construction in progress are not depreciated.

**WOLVERINE JOINT FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND
DISCOUNTS/PREMIUMS**

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

NOTE C: CUSTODY OF ASSETS

All assets are under the control of the Joint Fire Board. If a township withdraws from the agreement it forfeits all acquired assets of the Joint Fire Board. If the Board is dissolved, its assets shall become the property of the Volunteer Fire Department. If the Volunteer Fire Department dissolves, the assets shall be liquidated and the proceeds divided among the participating Townships based on the average percent of contribution in the previous three years.

NOTE D: CASH / INVESTMENTS

Cash is maintained in a financial institution in the Wolverine, Michigan area and consists of an interest bearing checking and savings account.

The Fire board's investments at March 31, 2005 consist of certificates of deposit maintained in a local financial institution.

Cash / Investments are insured by the FDIC up to \$100,000. Cash in excess of FDIC limits is not insured or collateralized. At March 31, 2005, the Fire Board had deposits with a total bank balance of \$45,334 and a book balance of \$44,703. The entire bank balance was insured by the FDIC at March 31, 2005.

**WOLVERINE JOINT FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005**

NOTE D: CASH / INVESTMENTS (CONTINUED)

Statutory Authority

Act 217, PA 1982, authorizes the Department to deposit and invest in:

- (a) bonds and other direct obligations of the United States or its agencies
- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of Act 105, PA 1855, as amended
- (c) Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time
- (d) United States Government or Federal Agency obligation repurchase agreements
- (e) banker's acceptance of United States banks
- (f) Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan

The Board's cash and investments are in accordance with statutory authority.

NOTE E: PREPAID EXPENSE

As of March 31, 2005, the Fire Board recognized prepaid expense of \$751, related to workers' compensation insurance.

**WOLVERINE JOINT FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005**

NOTE F: CAPITAL ASSETS

The following table provides a summary of changes in capital assets:

	Balance April 1, 2004	Re- classifications	Additions	Disposals	Balance March 31, 2005
Capital assets not being depreciated:					
Vehicles	\$ 5,000	\$ (5,000)	\$ -	\$ -	\$ -
Subtotal	5,000	(5,000)	-	-	-
Capital assets being depreciated:					
Fire Equipment	74,280	-	-	-	74,280
Vehicles	215,783	5,000	-	5,000	215,783
Subtotal	290,063	5,000	-	5,000	290,063
Accumulated Depreciation	46,376	-	23,287	4,750	64,913
Net Capital Assets Being Depreciated	243,687	5,000	(23,287)	250	225,150
Net Capital Assets	\$ 248,687	\$ -	\$ (23,287)	\$ 250	\$ 225,150

NOTE G: CAPITAL LEASE

In 2002, The Fire Board acquired a pumper fire truck for \$174,500. The Fire Board paid an initial down payment of \$50,000 and financed the remaining \$124,500 through a capital lease agreement. The lease payments are due as follows:

Original Amount	Interest Rate	Due Date	Principal	Interest	Total
\$ 124,500	5.22%	1/15/06	\$ 17,272	\$ 3,899	\$ 21,171
		1/15/07	18,174	2,997	21,171
		1/15/08	19,122	2,049	21,171
		1/15/09	20,121	1,050	21,171
	Total		\$ 74,689	\$ 9,995	\$ 84,684

Accrued interest at March 31, 2005 totaled \$812.

**WOLVERINE JOINT FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005**

NOTE H: INSURANCE COVERAGES

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Board pays annual premiums for the respective insurance coverage. There were no significant changes in coverage, nor were there any significant claims for the year.

NOTE I: LEASE / CONTINGENCY

The Board leases the fire hall from the Village of Wolverine. The lease requires normal maintenance of the facility and payment of all repairs and utilities. Annual cost of the lease is equal to the insurance cost of the building. With 180 days notice, either party may terminate the lease at any time. As of May 2, 2005, no invoice has been received from the Village of Wolverine and no expense has been recorded for the year ended March 31, 2005 or prior periods. Due to the absence of previous invoices, retroactive and future lease costs associated with this agreement are not determinable.

WOLVERINE JOINT FIRE BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Township Contributions:				
Ellis Township	\$ 10,706	\$ 10,706	\$ 10,706	\$ -
Mentor Township	7,770	7,770	7,770	-
Nunda Township	29,362	29,362	29,362	-
Wilmot Township	15,585	15,585	15,585	-
Donations	-	-	2,491	2,491
Interest	1,000	1,000	757	(243)
Reimbursements	-	-	673	673
Total Revenues	64,423	64,423	67,344	2,921
EXPENDITURES				
Wages	1,000	1,000	500	500
Medical	500	130	-	130
Office Supplies	500	500	422	78
Cleaning Supplies	100	100	-	100
Fire Operating Supplies	1,500	2,000	1,880	120
MFR Expnese	1,367	1,367	537	830
Building and Grounds Maintenance	250	250	228	22
Radio Pager Repair	1,000	250	102	148
Other Repairs	-	-	2,798	(2,798)
Snow Removal	250	250	250	-
Vehicle Repairs	2,000	900	986	(86)
Professional Fees	1,100	1,100	1,100	-
Education and Training	3,000	1,600	997	603
Insurance	9,100	10,100	10,082	18
Utilities	3,000	3,100	3,137	(37)
Internet	250	250	210	40
Telephone	1,000	700	683	17
Small Equipment	2,000	3,000	2,990	10
Turnout Gear	2,000	3,300	3,287	13
Dues and Subscriptions	150	150	75	75
Septic pumping	2,076	2,096	1,024	1,072
Vehicle Fuel	1,000	1,000	743	257
Equipment	10,100	10,100	-	10,100
Truck Payment	21,180	21,180	21,171	9
Total Expenditures	64,423	64,423	53,202	11,221
Excess (Deficiency) of Revenues over Expenditures	-	-	14,142	14,142
OTHER FINANCING SOURCES				
Excess (Deficiency) of Revenues and Other Sources over Expenditures	-	-	14,142	14,142
Fund Balance - Beginning of Year	31,312	31,312	31,312	-
Fund Balance - End of Year	\$ 31,312	\$ 31,312	\$ 45,454	\$ 14,142